

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST IMMEDIATE

C O N F I D E N T I A L STATE 025989

EXDIS

E.O. 11652: GDS

TAGS: EEW, RO

SUBJECT: GENERALIZED SYSTEM OF TARIFF PREFERENCES (GSP)

AND CONCESSIONAL CREDITS FOR ROMANIA

1. DEPSEC RECEIVED AMBASSADOR BOGDAN FEBRUARY 4. COUNSELOR
WAS ALSO PRESENT. DEPSEC TOLD AMBASSADOR THAT SECRETARY
REGRETTED HIS INABILITY TO SEE HIM BECAUSE OF VOLUME OF WORK
REQUIRING HIS ATTENTION PRIOR TO FORTHCOMING TRIP TO MIDDLE
EAST.

2. AMBASSADOR REFERRED TO TRADE AGREEMENT NEGOTIATIONS
NOW IN PROCESS WHICH, WHEN COMPLETED, WOULD PROVIDE WELCOME
IMPETUS TO TRADE TIES AND FILL MISSING LINK IN THE STRUCTURE
OF OUR RELATIONS. MFN WAS IMPORTANT ECONOMIC ISSUE TO
ROMANIA. ON OTHER HAND, DUE TO CIRCUMSTANCES BEYOND ROMAN-
IAN CONTROL, TRADE AGREEMENT REPRESENTED A POLITICAL ACT
ON THE PART OF ROMANIA WHICH SOME MIGHT INTERPRET AS INVOLV-
ING ROMANIAN CONCESSIONS. FURTHERMORE, CONGRESSIONAL POWER
TO REVOKE THE TRADE AGREEMENT WAS LIKE THE SWORD OF DAMOCLES
SUSPENDED OVER THE NORMAL DEVELOPMENT OF TRADE. AMBASSADOR
THEREFORE ASKED FOR A US GESTURE WHICH WOULD BE SEEN IN
TERMS OF THE TRADE ACT AS A BALANCE OF CONCESSIONS OR AS
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COUNTER-BALANCING CERTAIN DEFICIENCIES IN THE TRADE LEGISLA-

TION. THE GESTURE HE SUGGESTED WAS FIRST THAT THE US HASTEN THE GRANTING OF GSP IN RECOGNITION THAT ROMANIA WAS A DEVELOPING COUNTRY AS STATED IN THE JOINT DECLARATION OF THE

TWO PRESIDENTS DECEMBER 1973. SECOND, THAT US SHOULD EXTEND A LOAN TO ROMANIA OF ABOUT 500 MILLION DOLLARS UNDER PREFERENTIAL CONDITIONS.

3. DEPSEC, REFERRING TO HIS LONGSTANDING INTEREST IN PROMOTING TRADE WITH EE COUNTRIES, STATED THAT US WAS INTERESTED IN CONCLUDING TRADE AGREEMENT AS SOON AS AGREEMENT COULD BE REACHED BETWEEN AMBASSADOR BARNES AND ROMANIAN FOREIGN MINISTER ON EMIGRATION STATEMENT. ROMANIA WAS ALREADY LISTED AS A POTENTIAL RECIPIENT OF GSP AS A DEVELOPING COUNTRY. DEPSEC WARNED AMBASSADOR OF REQUIREMENT THAT A NEW INTERNATIONAL TRADE COMMISSION WOULD REVIEW PRODUCTS WHICH MIGHT BE ELIGIBLE FOR PREFERENCES. THIS DELAY IN PROCEDURE WHICH COULD TAKE FIVE OR SIX MONTHS WOULD AFFECT ANY ELIGIBLE COUNTRY. IN REGARD TO CONCESSIONAL CREDITS, DEPSEC SAID THAT EXISTING LEGISLATION SEEMS TO PRECLUDE SUCH CREDITS. WE ARE WILLING TO LOOK INTO THIS FURTHER BUT CANNOT BE ENCOURAGING. CONCESSIONAL CREDITS ARE BEING ATTACKED BY CONGRESS REGARDLESS OF THE INTENDED BENEFICIARY AND WE DO NOT KNOW WHAT THE NEW CONGRESS WILL DO. THERE DOES NOT SEEM TO BE ANY SENTIMENT FOR A GREAT NEW AID PROGRAM. HOWEVER, WITH THE EFFORTS NOW BEING MADE IN BUCHAREST TO RESOLVE THE EMIGRATION ISSUE, WHICH WOULD MAKE THE GRANTING OF MFN POSSIBLE, WE COULD MOVE AHEAD ON GSP FOR WHICH MFN STATUS IS A PRECONDITION. COUNSELOR SAID THAT PRESIDENT, IN MESSAGE TO CONGRESS JAN. 14, HAD INCLUDED ROMANIA ON LIST B (POTENTIALLY ELIGIBLE FOR GSP) BUT ROMANIA WOULD, AFTER OBTAINING MFN, BE PUT ON LIST A (COUNTRIES ALREADY ENJOYING MFN). AMBASSADOR SUGGESTED THE POSSIBILITY THAT THE US MIGHT REITERATE ITS POSITION ON GSP FOR ROMANIA AT THE TIME THE TRADE AGREEMENT WAS SIGNED.

4. AMBASSADOR REQUESTED AND OBTAINED THE DEPSEC'S CONFIRMATION THAT WE WERE NOT REJECTING THE POSSIBILITY

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OF LOOKING INTO CONCESSIONAL CREDITS. HE SAID HE UNDERSTOOD THE LEGISLATIVE PROHIBITIONS AND THE GENERAL ATMOSPHERE AFFECTING SUCH CREDITS BUT HE PUSHED FOR AN INDICATION OF POSITIVE US ACTION. WHEN HE MENTIONED US INVESTMENT IN SPECIFIC PROJECTS IN ROMANIA, HE WAS TOLD THERE WERE NO FACILITIES AT THIS TIME FOR USG INVESTMENT, ONLY CREDITS VIA EXIM OR OPIC GUARANTEES.

5. DEPSEC AND COUNSELOR BOTH STRESSED THAT ROMANIA
SHOULD NOT ENTERTAIN ANY FALSE HOPES OR ILLUSIONS BECAUSE
POSSIBILITY OF OBTAINING CONCESSIONAL CREDITS WAS REMOTE
AND WOULD PROBABLY REQUIRE NEW LEGISLATION OR AMENDMENTS.
AMBASSADOR WAS ALSO ADVISED NOT TO MISINTERPRET OUR

WILLINGNESS TO LOOK INTO THE CREDITS QUESTION AS ANY KIND
OF ASSURANCE OR COMMITMENT. COUNSELOR SAID AMBASSADOR
WAS WELL AWARE OF US WILLINGNESS TO EXPLORE ANY AVENUE TO
IMPROVE RELATIONS AND US BASIC SYMPATHY AND DESIRE TO BE
HELPFUL. DEPSEC REITERATED THE IMPORTANCE OF THE DISCUS-
SION IN BUCHAREST CONCERNING EMIGRATION SINCE A SATISFACTORY
SOLUTION WAS A CONDITION FOR FINALIZING THE TRADE AGREEMENT
AND MFN.

6. AMBASSADOR WILL RETURN TO BUCHAREST WITHIN NEXT TWO
OR THREE DAYS FOR ANNUAL FOREIGN TRADE CONFERENCE AND
CONSULTATIONS AND PLANS TO RETURN HERE FEBRUARY 18. KISSINGER

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